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August 30, 1999

RECEIVED  
FEDERAL COMMUNICATIONS COMMISSION  
Guy M. Hicks  
General Counsel  
AUG 30 3 30 PM '99

EXECUTIVE SECRETARY

VIA HAND DELIVERY

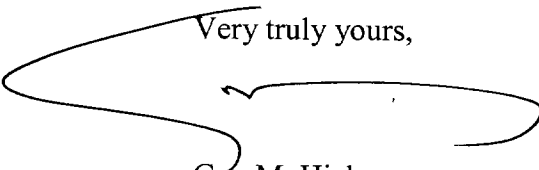
David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37238

Re: *Tariff to Introduce Late Payment Charge*  
Docket No. 99-00574

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of BellSouth Telecommunications, Inc.'s responses to data requests.

Very truly yours,

  
Guy M. Hicks

GMH:ch  
Enclosure

FILE

1. **Does BST propose to apply the five per cent late payment charge to basic services as defined by TCA § 65-5-208?**

Response: The late payment charge will apply to any unpaid balance for the previous month's bill that has not been paid prior to the next billing date. As indicated in the proposed tariff, however, this charge will not apply to state government agencies.

2. **If the answer to Question 1 is "yes", please explain why BST believes the late payment charge does not violate the prohibition against raising rates in TCA § 65-5-209 for a period of four years?**

Response: Section 65-5-209(f) provides that "the initial basic local exchange telephone service rates of an incumbent local exchange company subject to price regulation shall not increase for a period of four (4) years from the date the incumbent local exchange company becomes subject to such regulation." The proposed Late Payment Charge does not violate this prohibition because it is not a rate for any telecommunications service and will not result in an increase in initial basic local exchange telephone service rates. Persons who receive basic residential telephone services, for instance, will be billed the same rates for those services after the implementation of a Late Payment Charge as they were billed for those services before the implementation of the Late Payment Charge, and if they pay their bills on time, they will never be affected by the Late Payment Charge. The Late Payment Charge will only affect customers who order services, receive the benefit of those services, and cause BellSouth to incur additional costs by failing to pay for those services on a timely basis.

3. **In the Executive Summary provided with the tariff, BST explains that it currently recovers costs of collecting late payments from subscribers who pay their bills on time and it is the intent to pass these costs back to the subscribers generating the costs. If that is the case, what rates does BST propose to reduce to offset the revenues it will generate from the proposed late payment fee?**

Response: The Executive Summary states: "The implementation of a late payment charge will be a fair and equitable mechanism for the Company to reduce its unpaid revenue and avoid having to recover these costs from subscribers who pay their bills on time. It is the Company's intent not only to pass the cost back to the subscribers generating the costs, but to also provide incentive to these subscribers to pay their monthly bills on time." As noted above, the Late Payment Charge is not a rate for a telecommunications service, thus it does not produce "revenues" resulting from the sale of a telecommunications service. Instead, the Late Payment Charge offsets costs

BellSouth incurs as a direct result of a customer's failure to pay its bills in a timely fashion, and to provide an incentive to pay for services. Because this charge does not generate revenues from the sale of telecommunications services, no reduction in the rates for any telecommunications service is required or appropriate.

4. **If BST does not propose to offset the proposed revenues generated by the late payment fee, explain why the proposed revenues do not cause BST to exceed the revenue cap imposed by TCA § 65-5-209.**

Response: BellSouth may "adjust its rates for basic local exchange telephone services or non-basic services only so long as its aggregate revenues for basic local exchange services or non-basic services generated by such changes do not exceed the aggregate revenues generated by the maximum rates permitted by the price regulation plan." T.C.A. §65-5-209(e). By statutory definition, no service is a "basic local exchange service" or a "non-basic service" unless it is first a telecommunications service. See 65-5-208(a)(1) & (2). As noted above, however, the Late Payment Charge is not a rate or charge for any telecommunications service. Accordingly, the Late Payment Charge is not a rate for a basic or non-basic service, and it does not generate "revenues for basic local exchange services or non-basic services." Thus the revenue cap imposed by section 65-5-209 has no bearing on the proposed Late Payment Charge.